

# Asia-Pacific Corporate Treasuries Aim to Hasten Digitalization of Cash Management

January 13, 2021

With the initial liquidity shock of COVID-19 waning, many large companies and banks in Asia have sharpened their focus on treasury operations, in line with the emergence of new business models and faster digitalization spawned by the pandemic, according to several corporate treasury experts.

They were speaking at a virtual panel discussion hosted by CRISIL Coalition Greenwich on December 8, 2020, titled [Asian Corporate Cash Management: Impact of COVID-19](#). The event was moderated by [Gaurav Arora](#), Head of APAC & Middle East at Coalition Greenwich.

Back in March 2020, when COVID-19 cases began increasing, corporate treasuries and banks moved swiftly to shore up short-term liquidity. They adjusted their cash management processes for a work-from-home environment to ensure business continuity amid unprecedented operational disruptions.

Two quarters later, nearly a third of large Asian companies participating in the *Greenwich Associates 2020 Global Large Corporate Cash Management Study* have reported that their business has returned to a neutral stage in Q4 2020, compared with just 16% in Q2.

However, as of Q4, 57% of respondents said their business was still being negatively to highly negatively impacted, compared to 78% in Q2.

## As Stability Returns, Focus Shifts from Liquidity

The sentiment has improved over the past two quarters, as economic activity in some markets, including Taiwan and China, recovered faster. Moreover, as the panelists pointed out, the apprehensions around liquidity have abated, with banks and governments providing emergency support.

Companies have drawn down revolving credit facilities or issued bonds to build liquidity—for working capital, as a buffer or, in sectors such as tourism, to buy time until business models can be reconfigured.

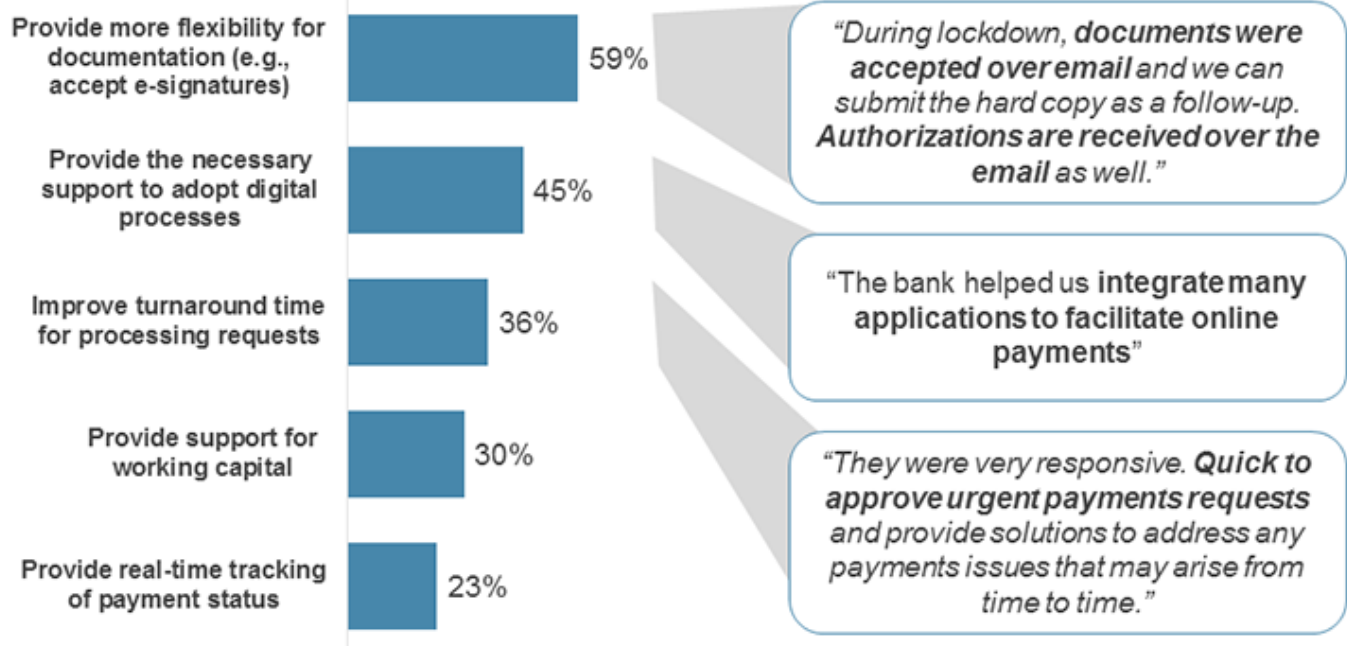
Today, companies are planning for six to nine months of liquidity, compared with three to six months earlier in the year, according to Mahesh Kini, Head of Cash Management, Asia Pacific at BNP Paribas.

That apart, cash management providers have supported corporate treasuries by offering flexibility in documentation, digital KYC, real-time tracking of payments, and in the adoption of digital solutions.

# Actions by Cash Providers that Proved Valuable to Clients

What have your cash management providers done in response to the COVID-19 crisis that you found particularly valuable?

## Top 5 Actions / Initiatives



Note: Based on 269 responses from September to November 2020.

Source: Greenwich Associates 2020 Global Large Corporate Cash Management Study

## More Digitalized and Innovative Business Models

As a result, many companies are graduating from what Coalition Greenwich calls the initial “react” phase of the crisis to the “respond” phase, where they are revisiting business models. A few are even moving to the “reinvent” phase, as they adapt to the new normal.

COVID-19 is thus triggering more digitalized and innovative business models, said Sridhar Kanthadai, Head of Wholesale Payments, Asia-Pacific at J.P. Morgan.

For instance, conventional tire companies are looking at a pay-per-mile subscription model instead of outright sales in some markets, which has implications on transaction volumes and values, and therefore, on cash management.

Mark Troutman, Group Head of Sales, Global Transaction Services, DBS Bank, pointed out that treasurers have been proactive in responding to the needs of their businesses to introduce/expand digital customer payment options citing OEM car dealers in Singapore bypassing cheque payments for direct scan-and-pay options, and work with a Chinese company using application programming interface (API) connectivity for contactless transactions with distributors to increase business volumes.

To be sure, Asia-Pacific already accounts for around 50% of global e-commerce volumes, yet the pandemic has further accelerated digitalization of business models. Nothing exemplifies this hastened transition more than luxury brands, the epitome of touch-and-feel shopping. Most of them have rushed to set up e-commerce

portals, according to Mahesh Kini.

## More Meaningful Digitalization

Treasuries and companies are also transitioning from the initial electronification of manual processes to more meaningful digitalization. As more data becomes available—at ever-increasing speeds and frequency—the ability to aggregate them and draw actionable insights will be crucial for real-time treasury operations.

Mark Troutman believes there is greater awareness now among treasury ecosystems about the potential impact of digitalization.

The ongoing crisis is also prompting banks to re-architect digital solutions that were designed in isolation into holistic value propositions covering the entire lifecycle—from on-boarding, transactions and execution to reporting, analytics and customer service, according to Sridhar Kanthadai.

A key challenge here is that most companies do business with multiple banks, and each bank may have only a sliver of a company's data. Nevertheless, the possibilities are exciting, was the refrain.

In Singapore, for instance, financial institutions could tap the government's MyInfo database for contactless supplier onboarding. They could even use this along with third-party data to design alternative lending models for a geographically distributed supply chain, pointed out Mark Troutman.

BNP Paribas is collaborating with clients and fintech partners to co-create smart data applications for cash forecasting and reconciliation. J.P. Morgan is using artificial intelligence to detect cybersecurity breaches on all wire transactions.

## Negotiating the New Normal

Undoubtedly, treasuries are still some time away from using real-time data, but the increasing use of APIs can be a significant enabler, experts say. However, not all real-time data may have value, and companies and banks will have to evolve practical use cases.

So how should companies navigate the crisis from here on?

Sridhar Kanthadai urges corporate treasuries to embrace digitalization for impactful change. Mark Troutman advocates companies conserve cash and enhance supply chain diversity and resilience.

Corporates and cash providers must also continue to have dialogues and share ideas in order to negotiate the new normal as smoothly as possible, said Mahesh Kini.

Coalition Greenwich, a division of CRISIL, an S&P Global Company, is a leading global provider of strategic benchmarking, analytics and insights to the financial services industry.

We specialize in providing unique, high-value and actionable information to help our clients improve their business performance.

Our suite of analytics and insights encompass all key performance metrics and drivers: market share, revenue performance, client relationship share and quality, operational excellence, return on equity, behavioral drivers, and industry evolution.

## About CRISIL

CRISIL is a leading, agile and innovative global analytics company driven by its mission of making markets function better. It is majority owned by S&P Global Inc., a leading provider of transparent and independent ratings, benchmarks, analytics, and data to the capital and commodity markets worldwide.

CRISIL is India's foremost provider of ratings, data, research, analytics, and solutions with a strong record of growth, culture of innovation, and global footprint.

It has delivered independent opinions, actionable insights and efficient solutions to over 100,000 customers through businesses that operate from India, the U.S., the U.K., Argentina, Poland, China, Hong Kong, and Singapore.

For more information, visit [www.crisil.com](http://www.crisil.com)

## Disclaimer and Copyright

This Document is prepared by Coalition Greenwich, which is a part of CRISIL Ltd, an S&P Global company. All rights reserved. This Document may contain analysis of commercial data relating to revenues, productivity and headcount of financial services organisations (together with any other commercial information set out in the Document). The Document may also include statements, estimates and projections with respect to the anticipated future performance of certain companies and as to the market for those companies' products and services.

The Document does not constitute (or purport to constitute) an accurate or complete representation of past or future activities of the businesses or companies considered in it but rather is designed to only highlight the trends. This Document is not (and does not purport to be) a comprehensive Document on the financial state of any business or company. The Document represents the views of Coalition Greenwich as on the date of the Document and Coalition Greenwich has no obligation to update or change it in the light of new or additional information or changed circumstances after submission of the Document.

This Document is not (and does not purport to be) a credit assessment or investment advice and should not form basis of any lending, investment or credit decision. This Document does not constitute nor form part of an offer or invitation to subscribe for, underwrite or purchase securities in any company. Nor should this Document, or any part of it, form the basis to be relied upon in any way in connection with any contract relating to any securities. The Document is not an investment analysis or research and is not subject to regulatory or legal obligations on the production of, or content of, investment analysis or research.

The data in this Document may reflect the views reported to Coalition Greenwich by the research participants. Interviewees may be asked about their use of and demand for financial products and services and about investment practices in relevant financial markets. Coalition Greenwich compiles the data received, conducts statistical analysis and reviews for presentation purposes to produce the final results.

THE DOCUMENT IS COMPILED FROM SOURCES COALITION GREENWICH BELIEVES TO BE RELIABLE. COALITION GREENWICH DISCLAIMS ALL REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, WITH RESPECT TO THIS DOCUMENT, INCLUDING AS TO THE VALIDITY, ACCURACY, REASONABLENESS OR COMPLETENESS OF THE INFORMATION, STATEMENTS, ASSESSMENTS, ESTIMATES AND PROJECTIONS, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE ARISING OUT OF THE USE OF ALL OR ANY OF THIS DOCUMENT. COALITION GREENWICH ACCEPTS NO LIABILITY WHATSOEVER FOR ANY DIRECT, INDIRECT OR CONSEQUENTIAL LOSS OR DAMAGE OF ANY KIND ARISING OUT OF THE USE OF ALL OR ANY OF THIS DOCUMENT.

Coalition Greenwich is a part of CRISIL Ltd, an S&P Global company. ©2024 CRISIL Ltd. All rights reserved.